

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR’S FINAL REPORT REGARDING THE APPLICATION
OF ZAI (CLASS 7B) TRUSTEE, EDWARD B. COTTINGHAM, JR.,
FOR COMPENSATION FOR SERVICES AND REIMBURSEMENT
OF EXPENSES RELATING TO PLAN IMPLEMENTATION FOR THE
PERIOD OF DECEMBER 1, 2013 THROUGH FEBRUARY 3, 2014**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Application of ZAI (Class 7B) Trustee, Edward B. Cottingham, Jr., for Compensation for Services and Reimbursement of Expenses Relating to Plan Implementation for the Period of December 1, 2013 through February 3, 2014 (the “Application”).

BACKGROUND

1. Edward B. Cottingham, Jr. (“Mr. Cottingham”), is the Class 7B Trustee in the Asbestos PD Trust Agreement (“PD Trust Agreement”), which PD Trust Agreement is annexed as Exhibit 3 to the Exhibit Book for the Debtor’s First Amended Joint Plan of Reorganization as Modified through December 23, 2010 (the “Plan”), and his appointment as Class 7B Trustee of the PD Trust Agreement was approved by the Court in the order confirming the Plan.¹ In the

¹See Section IV.G.4. of the Recommended Findings of Fact, Conclusions of Law and Order Regarding Confirmation of First Amended Joint Plan of Reorganization as Modified through December 23, 2010 (Docket #26155) (the “Confirmation Order”), entered January 31, 2011.

Application, Mr. Cottingham seeks final approval of fees totaling \$33,570.00 and expenses totaling \$1,175.96 for his services for the period of December 1, 2013 through February 3, 2014 (the "Final Application Period"). This is the first and final application filed by Mr. Cottingham in these cases.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "U.S. Trustee Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We emailed an inquiry to Mr. Cottingham's counsel based upon our review, and we received a response from Mr. Cottingham's counsel, portions of which response are quoted herein.

DISCUSSION

General Issues

3. We note that pursuant to the terms of the Confirmation Order, the Asbestos PD Trust (the "PD Trust") was to be created and funded on the Effective Date of the Plan, which was February 3, 2014. We note that the bulk of the fees and expenses sought by Mr. Cottingham in this Application pertained to services performed on or before the February 3, 2014 Effective Date and prior to the formation of the PD Trust. However, we further note that the fees and expenses which were billed by Mr. Cottingham appear to be directly related to the formation and funding of the PD

Trust and therefore necessary for the implementation of the Plan. Thus, we have no objection to Mr. Cottingham's fees and expenses on the basis that they were incurred prior to formation of the PD Trust.

Specific Expense Entries

4. We noted a dinner expense of \$118.99 incurred on February 2, 2014, which exceeded our recommended cap of \$70.00 per person in New York City. We asked Mr. Cottingham's counsel about this expense, and he responded:

We spoke with Mr. Cottingham, he advised that he was the only one eating but that he had no breakfast or lunch, and therefore ate well at dinner. Nevertheless, he is prepared to accept the recommended reduction.

We appreciate Mr. Cottingham's response and recommend a reduction of \$48.99 in expenses.

5. We noted that included in the Application were the following entries for services performed and expenses incurred after February 3, 2014, the Effective Date of the Plan:

2/4/2014	\$2,160.00	4.80	Travel back to Charleston - flight delayed twice ²
2/4/2014	\$51.37		Lunch and Dinner returning from New York (Feb 04 '14 at Charlotte International Airport)
2/4/2014	\$41.00		Cab to Airport

Because these fees and expenses were incurred after the Effective Date, they are beyond the scope of our review, and we offer no recommendation, and take no position, concerning the fees and expenses in this report.

²According to the Application, the actual travel time was double this amount of time, but the time was discounted by one-half.

CONCLUSION

6. Thus, we recommend final approval of \$31,410.00 in fees (\$33,570.00 excluding \$2,160.00 in post-Effective Date fees)³ and \$1,034.60 in expenses (\$1,175.96 minus \$48.99⁴ and excluding \$92.37 in post-Effective Date expenses)⁵ for Mr. Cottingham's services for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

³See paragraph 4.

⁴See paragraph 3.

⁵See paragraph 4.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 5th day of August, 2014.

A handwritten signature in blue ink, appearing to read "W H Smith", is positioned above a horizontal line.

Warren H. Smith

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